

**STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
COMPLIANCE EXAMINATION**

For The Two Years Ended June 30, 2007

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

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STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

AGENCY OFFICIALS

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

| | |
|--------------------------------|--------------------------|
| Executive Director | Mr. Daniel R. Long |
| Deputy Director | Mr. Trevor J. Clatfelter |
| Fiscal Officer (current) | Ms. Victoria Copp |
| Fiscal Officer (until 1/12/06) | Ms. Nicole Rogers |

Agency office is located at:

703 Stratton Building
Springfield, Illinois 62706

SENATE
Jeffrey M. Schoenberg
Co-Chairman

Bill Brady
Don Harmon
Christine Radogno
David Syverson
Donne Trotter

EXECUTIVE DIRECTOR
Dan R. Long



State of Illinois
COMMISSION ON GOVERNMENT
FORECASTING AND ACCOUNTABILITY
703 Stratton Ofc. Bldg., Springfield, IL 62706

HOUSE
Richard P. Myers
Co-Chairman

Patricia Bellock
Frank Mautino
Robert Molaro
Elaine Nekritz
Raymond Poe

DEPUTY DIRECTOR
Trevor J. Clatfelter

Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

November 28, 2007

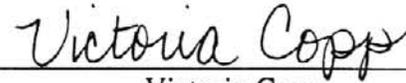
Dear Auditor General Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Commission. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Commission's compliance with the following assertions during the two-year period ended June 30, 2007. Based on this evaluation, we assert that during the year(s) ended June 30, 2007 and June 30, 2006, the Commission has materially complied with the assertions below.

- A. The Commission has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law
- B. The Commission has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Yours very truly,
Illinois Commission on Government Forecasting and Accountability


Dan R. Long
Executive Director


Victoria Copp
Fiscal Officer

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

| <u>Number of</u> | <u>Compliance</u> | <u>Prior</u> |
|--|-------------------|-------------------|
| <u>Findings</u> | <u>Report</u> | <u>Compliance</u> |
| | | <u>Report</u> |
| Findings | 3 | 2 |
| Repeated findings | 2 | 0 |
| Prior recommendations implemented or not repeated | 0 | 0 |

Details of findings are presented in the separately tabbed report section.

SCHEDULE OF FINDINGS

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> |
|-----------------------------|-------------|---|
| FINDINGS (STATE COMPLIANCE) | | |
| 07-1 | 8 | Property control weaknesses |
| 07-2 | 10 | Reports not timely filed |
| 07-3 | 12 | Noncompliance with the State Debt Impact Note Act |

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

All prior findings are repeated.

EXIT CONFERENCE

The Commission on Government Forecasting and Accountability waived an exit conference in a letter dated November 27, 2007. Responses to the recommendations were provided by Dan Long, Executive Director in a letter dated November 27, 2007.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Commission on Government Forecasting and Accountability's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2007. The management of the State of Illinois, Commission on Government Forecasting and Accountability is responsible for compliance with these requirements. Our responsibility is to express an opinion on State of Illinois, Commission on Government Forecasting and Accountability's compliance based on our examination.

- A. The State of Illinois, Commission on Government Forecasting and Accountability has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Commission on Government Forecasting and Accountability has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Commission on Government Forecasting and Accountability has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Commission on Government Forecasting and Accountability's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does

not provide a legal determination on the State of Illinois, Commission on Government Forecasting and Accountability's compliance with specified requirements.

In our opinion, the State of Illinois, Commission on Government Forecasting and Accountability complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2007. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 07-1, 07-2 and 07-3.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter.

Internal Control

The management of the State of Illinois, Commission on Government Forecasting and Accountability is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Commission on Government Forecasting and Accountability's internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Commission on Government Forecasting and Accountability's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Commission on Government Forecasting and Accountability's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be

significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

However, the results of our procedures disclosed other matters involving internal control over compliance which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 07-1, 07-2 and 07-3.

As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter

The State of Illinois, Commission on Government Forecasting and Accountability's response to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Commission on Government Forecasting and Accountability's response and, accordingly, we express no opinion on it.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2006 and the 2007 Supplementary Information for State Compliance Purposes, except for Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2005 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management and is not intended to be and should not be used by anyone other than these specified parties.



BRUCE L. BULLARD, CPA

Financial and Compliance Division Director

November 28, 2007

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2007

07-1. **FINDING** (Property control weaknesses)

The Commission on Government Forecasting and Accountability (Commission) did not maintain sufficient controls over the recording and reporting of its property. We noted the following:

- The Commission did not timely record equipment additions on its property listing or Quarterly Reports of State Property (C-15's). Fourteen equipment additions totaling \$2,564 were recorded between 6 and 10 months late. In addition, two equipment purchases totaling \$725 were never recorded on the Commission's C-15's.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.400) states that agencies are required to adjust property records within 30 days of acquisition, change or deletion of equipment items. In addition, the Statewide Accounting Management System (SAMS) (Procedure 29.20.10) states all additions, deletions and transfers to each asset category should be entered for the quarter being reported.

- The Commission did not reconcile its property listing to the C-15's filed with the Illinois Office of the Comptroller (IOC). The June 30, 2007 amount reported on the C-15 did not agree to the Commission's property listing as of June 30, 2007. A difference of \$1,007 was not reconciled or explained. In addition, the Commission's property and equipment expenditures processed by the IOC during FY06 did not reconcile to additions recorded on the Quarterly C-15 reports. Property and equipment expenditures totaling \$4,078 were never recorded on the C-15's.

Good business practices require that detailed property records be maintained and reconciled to support various reporting requirements. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

- The Commission included computer software and licenses on its property control records. We noted 30 computer software and licensing items totaling \$21,697 on the Commission's property listing as of June 30, 2007.

Current practice excludes software licenses from being reported on property records since software is not owned by the Commission; the Commission only has the right to use the software.

- Four equipment items were not recorded on the Commission's property records at the proper amounts. Three items were understated by a total of \$212 and 1 item was overstated by \$300.

The State Property Control Act (30 ILCS 605/4) requires that the Commission be accountable for the supervision, control and inventory of all property under its jurisdiction and control.

- The Commission did not submit its C-15's by the reporting deadlines. Two of 8 (25%) C-15's submitted during the examination period were filed 2 and 3 days late.

SAMS (Procedure 29.20.10) requires the C-15's to be filed on a quarterly basis no later than the last day of the month following the last day of the quarter.

Commission personnel stated these errors were due to agency oversight.

As a result of these errors, the FY06 additions reported to the IOC on the C-15's were understated by \$6,071 and FY07 additions were overstated by \$13,263. Failure to maintain accurate property control records increases the potential that a loss or theft of State property could occur and not be detected. Inaccurate and untimely property reporting reduces the reliability of statewide property information. (Finding Code No. 07-1, 05-1)

RECOMMENDATION

We recommend the Commission strengthen internal controls over equipment and ensure all equipment is accurately and timely recorded on the Commission's property records. Further, the Commission should follow Statewide Accounting Management System procedures for completing accounting reports pertaining to Quarterly Reports of State Property. The Commission should also reconcile its property reports and records to the C-15's and IOC expenditure reports for property on a quarterly basis to ensure completeness and accuracy of its property records. Lastly, the Commission should submit its Quarterly Reports of State Property by the reporting deadlines.

COMMISSION RESPONSE

The Commission agrees with the finding and recommendations and has implemented changes to correct the deficiencies.

07-2. **FINDING** (Reports not timely filed)

The Commission on Government Forecasting and Accountability (Commission) did not timely file reports by the statutorily mandated due dates. We noted the following:

- The Commission did not file its 2006 or 2007 Fiscal Control and Internal Auditing Act (FCIAA) Certifications. An evaluation of internal control is necessary to determine whether the existing measures are adequate to safeguard assets, ensure the accuracy and reliability of accounting data and encourage adherence to legal requirements and prescribed management policies. Commission personnel stated they were not aware of the requirement.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3003) requires each chief executive officer of each State agency to conduct an evaluation of their systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1 of each year.

- The FY08 “Legislative Capital Plan,” report on the State’s long-term debt capital needs was submitted 34 days late in FY07. Commission personnel stated the lateness was due to the approved delay in the Governor’s Budget address and the delay of the introduction of the budget and capital plan legislation. In addition, Commission personnel stated it did not receive requested information from the Governor’s Office of Management and Budget in a timely manner.

The Commission on Government Forecasting and Accountability Act (25 ILCS 155/3(8)) states that the Commission shall submit the “Legislative Capital Plan Analysis” to the General Assembly on the first Wednesday of April.

Failure to submit reports to the General Assembly and the Governor’s office timely results in delays in the communication of data that may be useful for Statewide fiscal management and operations. (Finding Code No. 07-2, 05-2)

RECOMMENDATION

We recommend the Commission comply with the requirements of the Fiscal Control and Internal Auditing Act by filing the required certification. Further, the Commission should comply with the Commission on Government Forecasting and Accountability Act by submitting the “Legislative Capital Plan Analysis” to the General Assembly by the statutorily required date or seek legislative remedy to change the reporting date.

COMMISSION RESPONSE

We agree the Commission did not file its 2006 or 2007 Fiscal Control and Internal Auditing Act (FCIAA) Certifications due to an oversight. The certifications have since been filed and procedures implemented to make sure those certification are filed timely.

We agree the “FY 2008 Legislative Capital Plan” was late; however, 25 ILCS 155/3(8) requires the Commission to “receive and review all executive agency and revenue bonding authority annual and 3 years plans.” Due to the legislature approving a delay in the Governor’s Budget address and introduction of a capital plan information needed to complete the analysis by the first Wednesday in April, simply was not available.

07-3. **FINDING** (Failure to include required information on State Debt Impact Notes)

The Commission on Government Forecasting and Accountability (Commission) did not include required information in their State Debt Impact Notes. The Commission issued 37 and 84 State Debt Impact Notes during FY06 and FY07, respectively.

We reviewed 25 State Debt Impact Notes (Notes) of which 3 Notes were related to legislation that would add new or increase existing bond authorization levels. Three of 3 (100%) Notes tested did not include the required assessment of current outstanding, unissued, retired bond authorization levels nor did it include the total principal on all other then-outstanding bonds of the State.

The State Debt Impact Note Act (Act) (25 ILCS 65/3) requires the Commission prepare a written State Debt Impact Note in relation to any bill introduced in either house of the General Assembly which proposes to increase or add new long term debt authorization or would require, through appropriation, the use of bond financed funds. The Act (25 ILCS 65/4) requires Notes related to bills which would add new or increase existing bond authorization levels to assess current outstanding, unissued, and retired bond authorization levels and requires all Notes to include the total principal on all other then-outstanding Bonds of the State.

Commission personnel stated the specified information had not been included in the past and they were not aware that the information was required in the Debt Impact Notes.

Failure to report the required information to the General Assembly prevents the legislature from making informed decisions and is noncompliance with a statutory mandate. (Finding Code No. 07-3)

RECOMMENDATION

We recommend the Commission include in its State Debt Impact Notes all the information required by the State Debt Impact Note Act.

COMMISSION RESPONSE

We agree a strict interpretation of the statute requires each Debt Impact Note to include information stating the outstanding, unissued, and retired bond authorization and principal outstanding and the Commission will begin reporting this information on all future Debt Impact Notes.

We believe it is important to note that the Commission does include a comprehensive analysis of outstanding, unissued, and retired bond authorization along with principal outstanding in the statutorily required “Bonded Indebtedness Report” and “the Legislative Capital Plan Analysis.” In addition, all “Debt Impact Notes” prepared by the Commission in FY 2006 and FY 2007 were accepted by the General Assembly and included as part of the official record as tracked on the Legislative Information System. The Commission does not believe failure to include this information prevented the General Assembly from making informed decisions.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Changes in State Property
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Lapse Period Spending

- Analysis of Operations:

- Agency Functions and Planning Program
 - Average Number of Employees
 - Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
 COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Year Ended June 30, 2007

| P.A. 94-798 FISCAL YEAR 2007 | Appropriations (Net of Transfers) | Expenditures Through June 30 | Lapse Period Expenditures July 1 to August 31 | Total Expenditures 14 Months Ended August 31 | Balances Lapsed August 31 |
|--|---|---------------------------------|--|---|---------------------------------|
| General Revenue Fund - 001 | | | | | |
| Personal Services | \$ 814,108 | \$ 710,510 | \$ 0 | \$ 710,510 | \$ 103,598 |
| Employee Retirement | | | | | |
| Contributions Paid by Employer | 32,242 | 26,707 | 0 | 26,707 | 5,535 |
| State Contribution to State | | | | | |
| Employees' Retirement System | 109,093 | 81,930 | 0 | 81,930 | 27,163 |
| State Contributions to Social Security | 61,662 | 52,699 | 0 | 52,699 | 8,963 |
| Contractual Services | 120,100 | 52,497 | 2,838 | 55,335 | 64,765 |
| Travel | 7,100 | 7,032 | 0 | 7,032 | 68 |
| Commodities | 2,800 | 2,595 | 190 | 2,785 | 15 |
| Printing | 4,800 | 4,049 | 689 | 4,738 | 62 |
| Equipment | 900 | 897 | 0 | 897 | 3 |
| Electronic Data Processing | 2,500 | 2,481 | 0 | 2,481 | 19 |
| Telecommunications | 8,800 | 6,638 | 549 | 7,187 | 1,613 |
| Lump Sums - Costs associated with the assumption of duties of the Pension Laws Commission | 199,038 | 148,750 | 16,355 | 165,105 | 33,933 |
| Lump Sums - Costs associated with ordinary expenses and operations of the Compensation Review Board | 5,000 | 0 | 0 | 0 | 5,000 |
| Total Fiscal Year 2007 | \$ 1,368,143 | \$ 1,096,785 | \$ 20,621 | \$ 1,117,406 | \$ 250,737 |

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
 COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Year Ended June 30, 2006

| P.A. 94-0015 FISCAL YEAR 2006 | Appropriations (Net of Transfers) | Expenditures Through June 30 | Lapse Period Expenditures July 1 to August 31 | Total Expenditures 14 Months Ended August 31 | Balances Lapsed August 31 |
|--|---|---------------------------------|--|---|---------------------------------|
| General Revenue Fund - 001 | | | | | |
| Personal Services | \$ 806,048 | \$ 683,793 | \$ 0 | \$ 683,793 | \$ 122,255 |
| Employee Retirement | | | | | |
| Contributions Paid by Employer | 32,242 | 24,730 | 0 | 24,730 | 7,512 |
| State Contribution to State | | | | | |
| Employees' Retirement System | 109,093 | 53,312 | 0 | 53,312 | 55,781 |
| State Contributions to Social Security | 61,662 | 50,586 | 0 | 50,586 | 11,076 |
| Contractual Services | 116,600 | 48,743 | 26,224 | 74,967 | 41,633 |
| Travel | 5,100 | 5,089 | 0 | 5,089 | 11 |
| Commodities | 2,300 | 2,089 | 181 | 2,270 | 30 |
| Printing | 4,300 | 4,300 | 0 | 4,300 | 0 |
| Equipment | 900 | 831 | 0 | 831 | 69 |
| Electronic Data Processing | 1,500 | 1,495 | 0 | 1,495 | 5 |
| Telecommunications | 8,800 | 6,719 | 0 | 6,719 | 2,081 |
| Lump Sums - Costs associated with the assumption of duties of the Pension Laws Commission | 174,895 | 85,855 | 17,128 | 102,983 | 71,912 |
| Total Fiscal Year 2006 | <u>\$ 1,323,440</u> | <u>\$ 967,542</u> | <u>\$ 43,533</u> | <u>\$ 1,011,075</u> | <u>\$ 312,365</u> |

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
 COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Years Ended June 30,

| | Fiscal Year | | |
|--|--------------|--------------|--------------|
| | 2007 | 2006 | 2005 |
| General Revenue Fund - 001 | P.A. 94-798 | P.A. 94-0015 | P.A. 93-0842 |
| Appropriations (Net of Transfers) | \$ 1,368,143 | \$ 1,323,440 | \$ 1,470,515 |
| <u>Expenditures</u> | | | |
| Personal Services | \$ 710,510 | \$ 683,793 | \$ 639,378 |
| Employee Retirement | | | |
| Contributions Paid by Employer | 26,707 | 24,730 | 24,043 |
| State Contribution to State | | | |
| Employees' Retirement System | 81,930 | 53,312 | 103,024 |
| State Contributions to Social Security | 52,699 | 50,586 | 46,930 |
| Contractual Services | 55,335 | 74,967 | 55,230 |
| Travel | 7,032 | 5,089 | 3,065 |
| Commodities | 2,785 | 2,270 | 2,361 |
| Printing | 4,738 | 4,300 | 3,722 |
| Equipment | 897 | 831 | 847 |
| Electronic Data Processing | 2,481 | 1,495 | 1,461 |
| Telecommunications | 7,187 | 6,719 | 7,415 |
| Lump Sums - Costs associated with the assumption of duties of the Pension Laws Commission | 165,105 | 102,983 | 66,280 |
| Lump Sums- Medicaid Managed Care Task Force | 0 | 0 | 221,962 |
| Total Expenditures | \$ 1,117,406 | \$ 1,011,075 | \$ 1,175,718 |
| Lapsed Balances | \$ 250,737 | \$ 312,365 | \$ 294,797 |

STATE OF ILLINOIS
 COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2007

| | | |
|--------------------------|----|----------------|
| Balance at July 1, 2005 | \$ | 171,031 |
| Additions | | 6,071 |
| Deletions | | 0 |
| Net Transfers | | 0 |
| | | 0 |
| Balance at June 30, 2006 | \$ | <u>177,102</u> |
| | | |
| Balance at July 1, 2006 | \$ | 177,102 |
| Additions | | 18,933 |
| Deletions | | (9,172) |
| Net Transfers | | 0 |
| | | 0 |
| Balance at June 30, 2007 | \$ | <u>186,863</u> |

Note: The above schedule has been derived from Agency records which could not be reconciled to property reports submitted to the Office of the Comptroller. See Finding 07-1.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2007 AND 2006

Variations in expenditures were considered significant if differences were greater than 20% and \$1,000.

General Revenue Fund - 001

State Contribution to State Employees' Retirement System

The increase in State contributions to State Employees' Retirement System expenditures was due to an increase in the employer contribution rate from 7.792% in FY06 to 11.525% in FY07.

Contractual Services

The decrease in contractual service expenditures was due to the completion of two studies, the Illinois Tollway System Evaluation and the Potential for Savings on Pharmacy Management Benefit Costs.

Travel

The increase in travel expenditures was due to three employees attending the National Conference of State Legislatures in FY07.

Lump Sums - Costs Associated with the Assumption of the Duties of the Pension Laws Commission

The increase in costs associated with the assumption of duties of the Pension Laws Commission was due to contracting with a vendor to conduct a comprehensive evaluation of the Illinois Health Facilities Planning Act.

STATE OF ILLINOIS
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2006 AND 2005

Variations in expenditures were considered significant if differences were greater than 20% and \$1,000.

General Revenue Fund - 001

State Contribution to State Employees' Retirement System

The decrease in State contributions to State Employees' Retirement System expenditures was due to a decrease in the employer contribution rate from 16.107% in FY05 to 7.792% in FY06.

Contractual Services

The increase in contractual service expenditures was due to contracting with vendors for the performance of two studies, the Illinois Tollway System Evaluation and the Potential for Savings on Pharmacy Management Benefit Costs.

Travel

The increase in travel expenditures was due to employees traveling to Commission meetings in Chicago.

Lump Sums - Costs Associated with the Assumption of the Duties of the Pension Laws Commission

The increase in costs associated with the assumption of duties of the Pension Laws Commission was due to the increase costs of consulting and actuarial services. In addition, the increase was due to the printing and distribution of additional reports and studies, and the upgrade of electronic data processing equipment during the period.

Lump Sum – Medicaid Managed Care Task Force

The decrease in Medicaid Managed Care Task Force expenditures was due to the one-time lump sum appropriation in FY05 to conduct a study of the cost-effectiveness of Medicaid managed care in the State of Illinois.

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FISCAL YEAR 2007

There was no significant lapse period spending noted during FY07.

FISCAL YEAR 2006

General Revenue Fund - 001

Contractual Services

An invoice for services performed by a vendor on the Illinois Tollway System Evaluation during FY06 was received and paid during the lapse period.

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FUNCTIONS AND PLANNING PROGRAM

Commission Functions

The Commission on Government Forecasting and Accountability (Commission) was created under the Commission on Government Forecasting and Accountability Act (25 ILCS 155/1 *et seq.*) as a legislative support agency. The Commission is a bipartisan, joint legislative commission that provides the General Assembly with information relevant to the Illinois economy, taxes, and other sources of revenue and debt obligations of the State.

The Commission's statutory requirements include:

- Preparation of annual revenue estimates with periodic updates
- Analysis of the fiscal impact of revenue bills
- Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization
- Periodic assessment of capital facility plans
- Annual estimates of public pension funding requirements and preparation of pension impact notes
- Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by DCMS
- Administration of the State Facility Closure Act
- Report to the General Assembly on economic trends in relation to long term planning and budgeting

The Commission is co-chaired by Senator Jeffrey M. Schoenberg and Representative Richard P. Myers. The Commission members at June 30, 2007 were:

Senate

Don Harmon
Christine Radogno
Bill Brady
David Syverson
Donne Trotter

House

Patricia Bellock
Frank Mautino
Robert Molaro
Raymond Poe
Elaine Nekritz

Commission Planning

The Commission's objectives are defined by statute and their main activity is to study information relevant to the Illinois economy, taxes, and other sources of revenue and debt obligations of the State. The Commission reports its findings to the General Assembly by publishing various reports each year. The Director and Deputy Director meet regularly with the

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Commission Planning (continued)

Revenue Unit Chief and the Pension Unit Chief to discuss State revenue projections, pension funding, and other economic issues that they are required to address in their statutory functions. Commission meetings are held to discuss and review issues that the Commission is required to report on along with other issues that have or could have an economic impact on the State.

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Agency records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

| <u>Function</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|------------------------------------|-------------|-------------|-------------|
| Executive Director | 1 | 1 | 1 |
| Deputy Director | 1 | 1 | 1 |
| Administrative & Clerical | 3 | 3 | 3 |
| Revenue Analysts | 4 | 4 | 3 |
| Bond Analyst/Network Administrator | 1 | 1 | 1 |
| Pension Analysts | 3 | 2 | 3 |
| Total average full-time employees | <u>13</u> | <u>12</u> | <u>12</u> |

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SERVICE EFFORTS AND ACCOMPLISHMENTS (Not Examined)

The Commission on Government Forecasting and Accountability (Commission) is mandated per 25 ILCS 155/et seq. to report to the General Assembly information necessary for the State's long-range planning and budgeting. This results in several reports on various economic issues throughout the year. The Commission also publishes special topic reports that have or could have an impact on the economic well being of Illinois. Below is a list of all reports published during the examination period and the corresponding publication date:

| <u>Report/Publication Name</u> | <u>Date Published</u> |
|--|-----------------------|
| Monthly Revenue Briefing | Monthly |
| FY 2007 Capital Plan Analysis | April 2006 |
| FY 2008 Capital Plan Analysis | April 2007 |
| 2005 Bonded Indebtedness Report | November 2005 |
| 2006 Bonded Indebtedness Report | November 2006 |
| FY 2007 Report of Liabilities of State Employees Group Insurance | March 2006 |
| FY 2008 Report of Liabilities of State Employees Group Insurance | March 2007 |
| Funding & Plan Design Summary of the State Employees Group Insurance Program | October 2005 |
| UPDATE: FY 2006 Economic & Revenue | Aug 2005 & Nov 2005 |
| UPDATE: FY 2007 Economic & Revenue | November 2006 |
| FY 2007 Revenue Forecast & Updated FY 2006 Revenue Estimate | March 2006 |
| FY 2008 Revenue Forecast & Updated FY 2007 Revenue Estimate | March 2007 |
| Wagering in Illinois (Update) | August 2005 |
| Wagering in Illinois (Update) | September 2006 |
| Property Taxes in Illinois: 2005 Update | September 2005 |
| GAAP Report (FY 2007) | March 2006 |
| GAAP Report (FY 2008) | March 2007 |
| Facts on Fund (Appropriated & Non-Appropriated) | March 2007 |
| Illinois Cigarette Tax, Tobacco Product Tax, Tobacco Settlement Updated | July 2006 |
| Illinois National Rankings in State Government Financing 2005 Edition | December 2005 |
| Higher Education in Illinois | December 2005 |
| Motor Fuel Update Report: FY 2005 | September 2005 |
| Service Taxes: History, Issues & Estimates | June 2006 |
| State Tax Incentives for Illinois Businesses | January 2007 |
| FY 2006 Budget Summary | September 2005 |
| FY 2007 Budget Summary | September 2006 |
| Illinois Estate & Generation Skipping Transfer Tax | September 2006 |

| | |
|---|---------------|
| Potential for Savings on Pharmacy Benefit Management Costs | April 2006 |
| A Report on the Agricultural Sector in Illinois | December 2005 |
| State of Illinois Forecasting Report | January 2006 |
| State of Illinois Forecast | January 2007 |
| Illinois Tollway System: Preliminary Valuation Analysis | August 2006 |
| Government Privatization: History, Examples, Issues | October 2006 |
| An Evaluation of Illinois' Certificate of Need Program | February 2007 |
| 2006 ERI Report (Early Retirement Incentive) | June 2006 |
| Report on the 2005 SERS Alternative Retirement Cancellation Payment Option (PA 94-0109) | December 2006 |
| Alternative Retirement Cancellation Payment (PA 93-0839) | December 2005 |
| Report on the 90% Funding Target of PA 88-0593 | January 2006 |
| Directory of the Illinois Public Retirement System/Pension Funds | January 2006 |
| Directory of the Illinois Public Retirement System/Pension Funds | May 2007 |
| Report on the Financial Condition of the IL Public Employee Retirement System | August 2006 |

The Commission prepares a written State Debt Impact Note in relation to any new legislative bill which proposes to increase or add new long term debt authorization, or would require, through appropriation, the use of bond financed funds. The Commission prepared 37 and 84 Debt Impact Notes during FY06 and FY07, respectively.

The Commission prepares Pension Impact Notes (PIN's) on any legislative bill pertaining to pensions and related retirement and disability benefits. The Commission reviews and makes recommendations on proposed changes to those laws and practices and reports the results to the General Assembly. Below is a summary of the number of PIN's prepared for the fiscal years under examination and the number of bills that have become law.

| Fiscal Year | Number of PIN's Prepared | Number of Bills that became Law |
|-------------|--------------------------|---------------------------------|
| 2006 | 156 | 31 |
| 2007 | 311 | 5 |